

# *The PEGASUS File*

**Former CIA/DIA  
deep-cover agent  
"Chip" Tatum  
reveals more  
disturbing details  
about high-level  
control of global  
drug-running and  
money-laundering  
operations.**

## **Part 2**

**by David G. Guyatt ©1997**

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**D**uring his 22 years as a deep-cover CIA and DIA operative, Gene "Chip" Tatum saw or participated in a remarkable series of covert operations. Foremost in his mind are the years 1986-92, when he operated for a group he called "Pegasus". This group operated on behalf of the US and other governments, undertaking tasks that ranged from narcotics smuggling to assassinations.

The name "Pegasus" was, in fact, a 'cover' designation used by Tatum to protect himself against possible prosecution. Earlier this year Tatum revealed the true structure of the group and explained why he felt the need to conceal it. Timing was all important. In a message to this writer, Tatum stated, "It has now been well past the five-year statute of limitations which could have come back and haunted me. That date was January 22, 1997. On January 21, 1992 I walked out of the Jupiter Island meeting to which I referred earlier."

Few individuals, even now, are aware of the significance of Jupiter Island. Located on the Atlantic coast of Florida, just a few miles north of Palm Beach, the island measures a mere half a mile wide and nine miles long. According to authors Webster Griffin Tarpley and Anton Chaitkin, island residents read like a "Who's Who" of the Anglo-American establishment. Many have close connections to the intelligence apparatus and not a few are, or have been, members of the notorious Skull and Bones Society, a secretive and influential Masonic lodge formed at Yale law school.<sup>1</sup> Interestingly, many of the early residents, including Averell Harriman and Prescott Bush—George Bush's father—were strong supporters of Adolf Hitler and his National Socialist Party prior to World War II. Even in recent years, George Bush continued to have unfinished work with Nazis domiciled in South America, Tatum says—especially while the world's eyes were turned towards Saddam Hussein and Iraq during *Desert Storm*. That, however, is another story.

Jupiter Island boasts hyper-security. All vehicles are tracked by sensors placed in the roads and every housekeeper, gardener or other non-resident is required by ordinance to be fingerprinted and registered. Residents themselves are carefully screened prior to being permitted to purchase real estate (many purchase by invitation, it is thought) and one of their primary duties as good residents is to perform active 'surveillance' to ensure the island remains secure.<sup>2</sup> It was here that Tatum met with and discussed sensitive projects with then Vice President and later President Bush, at the residence of his mother, Rose Bush.

### **SECRET GOVERNMENT APPARATUS**

The so-called Pegasus group's organisational structure, as provided by Tatum, demands recounting in detail. The various presidential orders, which led to the formation and operation of the covert activities in which Tatum and others participated, are significant for they constitute a secret government within a government. This is the power that hides behind the open face of democratic government. Some have called this power base "the Octopus". Activities include high-level narcotics trafficking, illegal transfers of ultra-high-tech weaponry, money laundering on a massive scale and an odd "hit" or "alignment" to keep wobbly-kneed individuals on the straight and narrow.

It was in 1981, according to Tatum, that "President Reagan signed National Security Decision Directive number 3 (NSDD-3) which authorised the Vice President to chair the Special Situation Group (SSG). The Special Situation Group was a division under the National Security Council (NSC). One entity formed to support the SSG was the Terrorist Incident Working Group (TIWG), established in April 1982 by authority of President Reagan in NSDD-30. This group consisted of representatives of the following:

Director of Central Intelligence, Department of Defense (DoD), FBI, NSC staff and others as required.<sup>3</sup>

Tatum explained that, "The purpose of TIWG is to provide SSG with direct operational support. TIWG then recommended to the President that a Terrorism Task Force be formed and chaired by the head of SSG (the Vice President). Reagan approved NSDD-138 in April 1984, which extended TIWG's arm and ability to form sub-groups. As a result of NSDD-138 was the formation of the Operations Sub-Group (OSG). The Sub-Group was a select NSC-DoD-CIA-FBI-foreign intelligence agency which operated so as to bypass the regular operations of intelligence/military/law-enforcement agencies. OSG was formed in February 1986."

Having revealed the framework of the authorising presidential directives necessary for the conduct of these covert operations, Tatum then detailed the nitty-gritty of the OSG: "I was an operative for OSG from April 1986 through January 1992. When I was operating under the authority of the OSG I would report directly to the OSG, not to the CIA or DIA. This 'secret government' apparatus, built by Bush from 1981 to 1986, was able to draw upon assets from the CIA, the DoD Special Operations units and the private sector. Using the private sector clause, Don Gregg, VP Bush's National Security Advisor, included a representative from British Intelligence and Israeli Intelligence. To date I have called this group 'Pegasus' in an attempt not to divulge its true identity until I was on safe ground. Although most of the missions performed by OSG-2 are classified, the existence of the organisation is now declassified."

Until Tatum forwarded these details, the existence of more than one OSG was unknown. In fact, Tatum has now revealed the existence of *three* OSGs. OSG-1 was headed by Ted Shackley and was "our anti-narcotics group".<sup>4</sup> OSG-2 was the anti-terrorism group and OSG-3 was "our 'alignment' group". Tatum was originally posted to OSG-2 which was commanded by Col. Oliver North. The third group, OSG-3, was commanded by Richard

Secord. Following the exposure of Oliver North's role in Contragate in 1987, North resigned as head of OSG-2 and his spot was taken over by Secord. Tatum moved up to command OSG-3 at the same time.

All three OSGs answered to those individuals who sat on the TIWG. General Colin Powell represented the Department of Defense; William Casey, the CIA; and Donald Gregg, the National Security Council. "FBI guys rotated in and out," Tatum says. "It was like they couldn't get anyone," he concludes. Representing British Intelligence was Sir Colin Figure. Formerly head of MI6, Sir Colin transferred in 1986 to become "Security

Coordinator", one of the top slots at the Cabinet office under the premiership of Margaret Thatcher. He retired in 1989. Amiram Nir represented Israeli interests until his assassination by an "Archer" team led by Tatum—at the request of high-level Israeli individuals—in 1988. Any of these six could "call a mission". In addition, George Bush could do likewise. Of significance, too, was the occasional representation on the TIWG of Lord Chalfont. The British lord was an adviser on "Mid-East affairs" between 1986 and 1990.

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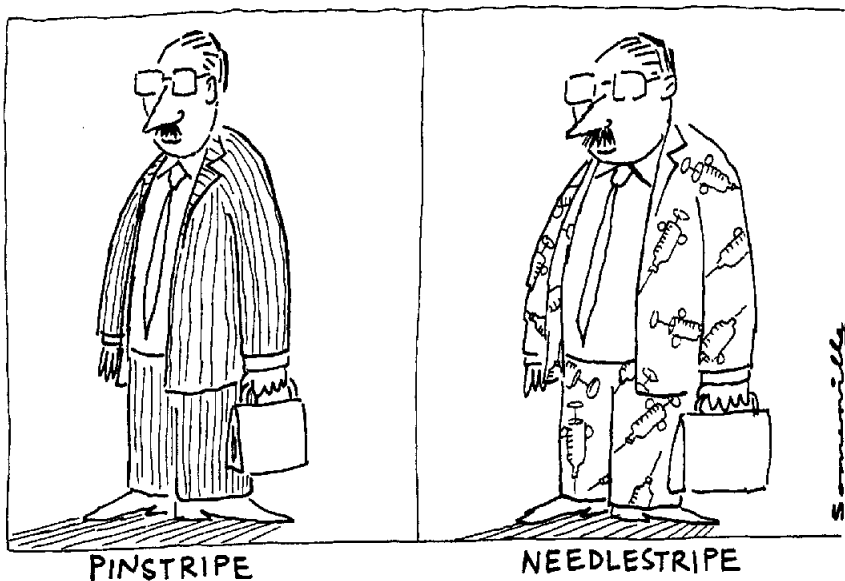
From the moment Chip Tatum was recruited to the OSG, he was posted to upstate New York where he established a number of cover businesses. One of these was Cedar Shores Estates, Inc.<sup>5</sup> This was his base of operations throughout the next six years.<sup>6</sup>

It may be no more than sheer coincidence that the name of the company is similar to Cedar Holdings, a British company that had a relationship to former British Conservative Party Treasurer, Lord (Alistair) McAlpine. Author Peter Jones, in an unpublished book, looked in some detail at the business activities of this Conservative Party "Grey Eminence" and leading Freemason.<sup>7</sup> Of no little interest was the author's detailed connections of numerous companies that he believed were involved in all manner of dark activities. Interestingly, these included a company called Leisure Circle that has a sinuous connection to Sir John Cuckney, one of the central figures of the Scott Inquiry into arms sales to Iraq.

Whilst these connections are admittedly tenuous, to say the least, it should be noted that Tatum's upstate New York operation was also involved in shipping the most sophisticated weapons across the border to Canada. Not least are the known connections between Oliver North's related gun-running operations that saw dirty money being laundered through the British Channel Islands and the London-based BCCI (Bank of Credit and Commerce International). Money laundering was one of the principal activities of Col. Oliver North.

#### THE "SUPERBILLS" STING

One operation of which Tatum has knowledge concerns the so-called "Superbills" or "Supernotes" sting. Years earlier, in the late '60s or early '70s, the CIA had secretly provided to the Shah of Iran a perfect set of printing plates that could



reproduce US\$100 bills without blemish. Also provided was an intaglio printing press. This special printing press ensures that the etched plate meets paper with tremendous force, creating the distinctive embossed feel of a genuine banknote. In addition, the Shah was also given the ink and banknote-quality paper, enabling him to produce perfect counterfeit US dollar banknotes. The Shah later fled Iran and left the plates and press behind in his confusion. The whole caboodle sat in the mint at Tehran, according to some experts.<sup>8</sup>

According to Tatum, a deal was arranged in the early to mid-'80s between VP George Bush, Panama's Manuel Noriega and the Iranian leadership. A sum of US\$8 billion deposited in the Banco

Nacional de Panama on behalf of Colombian cocaine king Pablo Escobar was "lent" to George Bush. Of this, US\$4 billion was shipped by plane to Iran where it was exchanged at a ratio of one good bill for two counterfeit bills. On the return trip, the 707 aircraft's cargo container carried two shrink-wrapped pallets containing \$4 billion each. The 707 arrived at Howard/Albrook Air Force Base in Panama where the pallets were offloaded under armed guard of the Panamanian military. The counterfeit notes were re-deposited into

Escobar's account at the Panama central bank. Under no circumstances could the counterfeit bills be permitted to leave the bank vault—for fear of devaluing the US currency with forged notes—and active steps would later be taken to ensure this.

The other half of Escobar's "good" money was placed into the hands of Nana DeBusia, the grandson of Guyana's first democratic leader. DeBusia was chosen by the CIA's William Casey to launder the massive sum into numerous bank accounts under the joint signatures of VP George Bush and Director Casey.

The next leg of the operation was to retrieve the \$4 billion exchanged with the Iranians for the Superbills. This was facilitated by the supply of military equipment, arms, ammunition and replacement parts for weapons systems. This part of the deal was arranged by Col. Oliver North on behalf of the CIA's William Casey.

The results of these complex manoeuvres were twofold. On the one hand the CIA acquired \$4 billion via the arms sales, for use in future black operations, without the need to rely on congressional oversight or authority. If later caught, Tatum says "...the CIA can report the source of funds as being from an arms transaction with Iran". Some of these funds were then used to support the Contras, whilst the rest disappeared down the ultra-black hole of the Company's covert finances.

Meanwhile, Nana DeBusia had begun laundering the remaining \$4 billion through various banks, including the Vatican Bank.<sup>9</sup> For his trouble, DeBusia was entitled to take a commission amounting to \$200 million. The remaining \$3.8 billion was then secreted in private, numbered accounts around the globe and controlled by George Bush and William Casey.

The operation was complete apart from some necessary mop-up which occurred over the following years:

1) In 1989, Pablo Escobar was targeted by an intensive US-Colombian "War on Drugs" campaign. He fled into hiding, in fear of his life. Eventually, in 1993, he was tracked down and killed in a police shoot-out. A British TV documentary revealed that the "Cocaine King" was gunned down while attempting to escape and was probably unarmed. The campaign waged against Escobar ensured he could not withdraw the \$8 billion in Superbills. Following his death, the quantity and quality of cocaine shipments from Colombia immediately increased manifoldly, giving lie to the "War on Drugs".

2) Also during 1989, Panama's General Noriega was captured in the US invasion of Panama. Noriega was later convicted and placed in US federal prison under constant guard to ensure his silence.<sup>10</sup>

3) Penultimately, Nana DeBusia was indicted on 32 counts including bank fraud and thereby effectively silenced.<sup>11</sup>

4) Earlier, in 1987, DCI William Casey died of a brain tumour—just days before he would have been required to attend the Senate hearings into the Contragate affair.

According to Tatum, only one figure emerged unscathed: George Bush, who alone retained control of \$3.8 billion in laundered funds. Obviously, the CIA still retained control over the balance of their \$4 billion share of the 'sting' operation.

It is of considerable significance that this operation has been corroborated by another source whose credibility is not in question.<sup>12</sup> This individual was present in Tehran during many of these events, and was later posted to another sensitive location in this connection. Moreover, it has additionally been revealed that Banca Nazionale del Lavoro (BNL) was heavily involved in the Superbills sting. That BNL was an intrinsic part of Oliver North's so-called "Enterprise"—in reality, the OSGs of the Terrorist Incident Working Group—is beyond doubt.<sup>13</sup>

However, the question remains: What did George Bush intend

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George Bush's favourite Ibero-American leader, Venezuelan President Carlos Andrés Pérez, meets with Bush in Washington. (Photo by Stuart Lewis)

to do with his 'black' \$3.8 billion? What was the ultimate purpose of the operation? Perhaps some of the money was to be used to grease palms and otherwise finance Bush's bid for the presidency following the completion of President Reagan's second term. Maybe it was used to finance other lucrative projects. Perhaps it

holders". In addition there are to be five departments: "Data Resources; Political Management; Economic Management; Military Management; Environmental Management".<sup>14</sup>

#### THE COMPLETE "BOSS HOGS" LIST

<b>EL SALVADOR</b> Duarte Balestaros Maty	<b>COUNTRY UNKNOWN</b> Santa Cruz Echeverri Bolinik
<b>HONDURAS</b> Suazo Cordoba Alvarez	<b>UNITED STATES</b> Casey Clair George Bush Singlab Kissinger Colby Haig Secord Gregg Weld Clairage Rodriguez Fernandez Peroot North
<b>MEXICO</b> Salinas brothers Albrego	
<b>US STATES</b> Arkansas: Clinton Young Louisiana: Edwards (Barry's buddy) Marcellas family Kentucky: Gov. in pocket	
<b>NICARAGUA</b> Colaro Borge Bermudez <b>Commanders:</b> Fernando Franklin Martin Chamoro Pastora Nora (a woman) Lacayo	<b>COLOMBIA</b> Ochoa Leder Navarro Richardo Duran Sarmiento
<b>ISRAEL</b> Rabin Kimchi Nir (P Ben or Guatamalian [ <i>sic.</i> ] arms dealer for Israel) Harrari	<b>SAUDI ARABIA</b> Fahd Prince B [Tatum believes this to be Prince Bandar] <b>IRAN</b> Gorba <b>PANAMA</b> Noriega & his brother Harrari

But it is in the realm of narcotics trafficking that Tatum is most vociferous. Part 1 of this article recounted the names of high-level US individuals, given to Tatum by Barry Adler Seal before he was killed in 1986. Seal called this the "Boss Hogs" List and it included senior individuals in 11 different countries who, Seal claimed, controlled the global narcotics network. The complete list is reprinted verbatim (including spelling mistakes), and in the manner in which it was written by Tatum on the reverse of a flight log:<sup>15</sup>

#### FULL CIRCLE

In a very real sense, Chip Tatum's story has now gone full circle. In March 1996, Tatum wrote to former Director of Central Intelligence, William Colby. Readers will recall that it was Colby who originally recruited Tatum into the CIA in 1971 and set him on his career as a covert intelligence operator. Since that time, Tatum developed a fondness for the super-spook, and Colby, in turn, played the role of mentor. In his letter, Tatum asked Colby to write a foreword for his book, *Operation Red Rock*, which he had completed just two months earlier. But there was another purpose in writing to the former DCI.

Four years earlier, when Tatum resigned his OSG command, he had volunteered to plead guilty on a felony charge in order to discredit himself. This was part of Tatum's strategy of survival, as he was aware that one didn't resign this particular team and remain alive for long. The fact that he had collected a body of evidence (including video and audio tapes and other related documentation) as 'life insurance', gave muscle to his negotiation. At that time he had not

was to be used to inject financial muscle into another, grander scheme, of which Tatum has recently spoken, involving George Bush's "scope and mission" paper for a New World Order.

A copy of the "scoping" paper supplied to Tatum by George Bush outlines the formation of a Corporation whose purpose is to "...provide a central network of information, analysts and strategists on an international basis in pursuit of world order and economic stability". The "scope" of the Corporation involves four features:

- 1) Centralisation of informational services;
- 2) Analysis of data by region-specific analysts;
- 3) Provide recommendations based upon analysts' reports by international experts;
- 4) Provide international master plan for world growth and economic stability.

The Corporation is to be privately owned with a board of directors "consisting of twelve members, elected annually by the share-

planned to reveal any of the details that he has now provided. In the event, his offer was taken up and he served a prison sentence of just over one year. That is where matters should have ended.

However, having served his sentence—thus complying with his part of the agreement—both Tatum and his wife, Nancy, were subsequently arrested and charged with another misdemeanour. Tatum got angry. His letter to Colby stated: "I have always kept my word with you. I told you that I would discredit myself. I don't need your help to accomplish this. But to charge Nancy with a crime, and expect me to allow this, is beyond my comprehension." He angrily continued: "I know that North and Rodriguez are the fuel for this, but haven't you warned them that I wouldn't sit still for this?" He then added: "I do not blame you for this; I am disappointed that you have allowed the 'Pond Scum' to control you!"

There then followed a warning: "The second book that I have already started will contain my movements from 1980 through

today. I will not only write about the missions but about the NWO [New World Order] timetable and planned events including a chronology." Ominously he added: "And I will name names. You must detach yourself from these people!"

Tatum then continued by outlining how he would enter evidence for his forthcoming trial and warning that if disallowed for reasons of classification, then "a Special Prosecutor will be required to investigate the information, and the videotape tells no lies." He added: "I also had stills and an audio clip of a meeting added to the video. Out of respect for you I have kept your name out to this point, but if you don't separate yourself from these terrorists I will have no choice but to reveal your involvement also. Either way, the group will be exposed—by the media or by the investigating committee. Either way, they're out of gas!" Tatum closed the letter by saying: "Mr Colby—you've done too much for your country to be disgraced in the manner that these men will be."

Less than two months later, the former DCI was reported missing. By Monday 6 May 1996, Colby's body was found. It was later reported that Colby died following a "canoeing" accident on the Wicomico River, Maryland. Tatum and many others (including this writer) doubt this. Throughout his life, Colby had an all-

abiding fear of water. It would have been entirely out of character for him to step voluntarily into a boat, let alone a canoe.

Despite this, Colby's death officially remains an accident. This has come as no special surprise to Tatum, who recently stated to this writer: "I knew the OSG were bulletproof when one of our targets, a 25-year-old, was reported to have died of a heart attack. His name was Al-Jarrah." That, however, is another story.

## POSTSCRIPT

At 3 pm on Friday 4 April 1997—shortly after publication of Part 1 of this article—Chip Tatum was roused from a mid-afternoon snooze and told to report to the warden of his prison. He was informed that he was being released—less than midway through his 27-month sentence—with immediate effect, following an appellate court decision that found his conviction by Judge Adams to be illegal.

The Tatums are now freely enjoying together the sunshine and cajun cooking of Florida, as Chip turns his attention to beginning a new career—his first real job-hunting in 26 years. "Spy stuff" will not form part of his job-search efforts. Meanwhile, he has written and published his *Chronicles* that detail many of his allegations.<sup>15</sup>

## Endnotes

1. Tarpley, Webster Griffin and Chaitkin, Anton, *George Bush: The Unauthorized Biography*, Executive Intelligence Review, Washington, DC, USA, 1992.
2. *ibid.*
3. Additional standing members were the Department of State and the Federal Emergency Management Agency (FEMA). NSDD-30 was classified "Secret". Now partly declassified, the redacted sections nominated NSC staffer Col. Oliver North responsibility for "antiterrorist operations". This included so-called "active measures" to "deter or pre-empt terrorist attack", and established the administrative framework for "CIA projects aimed at killing leaders of radical Islamic organizations". As such, it was an illegal presidential directive. My thanks to Steve Aftergood of the Federation of American Scientists, Washington, DC, for providing research extracts of these and other NSDDs drawn from Christopher Simpson's book, *National Security Directives of the Reagan and Bush Administrations* (Westview Press, San Francisco).
4. Shackley's involvement in the narcotics industry is legion. Not least, Col Bo Gritz—the most highly decorated Special Forces officer in history—has spoken of his encounter with the Burmese warlord Khun Sa. Housed in the centre of the "Golden Triangle", Khun Sa is one of the world's leading exporters of raw opium. In an interview captured on camera, the warlord stated that his primary contact in the heroin business was the CIA's very own Ted Shackley. Shackley worked closely with Mafia chief Santos Trafficante, according to Khun Sa.
5. Tatum has stated that it was routine for all the OSG operatives to establish their own businesses as "covers". Funding was provided as a line of credit with the Key Bank of Central New York, Watertown, New York state, by Republican Harry Hyde. The company was formed by attorney Ben Whittaker. Legal representation was through O'Hara and Crough in Syracuse, NY. Tatum also operated through a number of other similar "fronts". These included Progressive Structures, Inc., Irving

- Place Capital & Development, and American National Home Builders.
6. Tatum has provided me with a number of documents of this proprietary company, including details of incorporation, board minutes, bank statements, legal billings and copies of cashed cheques. In addition he has also provided documents relating to other front companies he was involved with.
  7. Jones, Peter, *The Obedience of Australia*, privately published, 1995. This book covers in considerable detail Masonic business connections that are shadowy to say the least.
  8. For additional details see the article by Fredric Dannen and Ira Silverman, published in the *New Yorker*, 23 October 1995.
  9. Tatum says DeBusia laundered this sum through banks in London. Coincidences abound in this story and they may be no more than coincidences. However, I think it is worth citing Gerald James, former Chairman of Astra Plc and one of the principal figures in the Scott affair and arms sales to Iraq. In his book, *In the Public Interest* (Warner Books, 1996), Gerald James has reproduced an internal company memorandum referring to the massive British-Saudi Al Yamamah arms deal in which a sum of US\$4 billion is mentioned in connection with a bribe to Saudi Prince Bandar, a nephew of King Fahd. The memorandum stated: "This 4 bil US was mentioned in connection with M. Thatcher's son." Interestingly, the sum of \$3.8 billion is mentioned in the Kerry Report that looked into the Iran-Contra affair.
  10. One of the principal prosecution witnesses against General Noriega was Gabriel Tabóada. Arguably, without Tabóada's testimony (he was regarded as the "star witness") the prosecution case against Noriega may well have failed. Tatum has provided this writer with a number of private letters and other documents written by Tobóada. These clearly show that Tobóada was "coached" by the prosecution in what to say and, more significantly, what *not* to say. Tobóada's correspondence makes it clear he was aware that the prosecution case against Noriega was severely flawed by perjury—a fact known to the prosecution team. Today,

- Tobóada lives in fear of his life—a state of affairs that the US Department of Justice dismisses out of hand.
11. Following the intervention of the CIA, DeBusia was acquitted on all counts. Effectively discredited, he will continue to maintain silence.
  12. Private communication with this writer.
  13. See Alan Friedman's *The Spider's Web* (Faber & Faber, 1993) for a more detailed role of BNL in the Contragate affair. I have been reliably informed that significant portions of Friedman's original manuscript were excised by a wary publisher.
  14. It is impossible to judge the veracity of this document for a number of reasons. Principally, the name of the Corporation is not stated and the document itself is typed on blank A4 paper running to three pages. Readers must make of it what they will.
  15. A copy of the original flight log is in this writer's possession.
  16. *The Tatum Chronicles*, an A4-sized, softbound manuscript, can be ordered by credit card by telephoning (352) 330 1650 (in USA) or +1 (352) 330 1652 (outside USA). It is priced at USD\$19.95 plus postage and handling. The *Chronicles* contain reproductions of Chip's flight logs with notes (front and back), along with an eye-opening commentary.

## About the Author:

Born in England, David Guyatt is a freelance investigative journalist whose former career in stockbroking and banking gave him the background that inspired his research into the shady world of international weapons financing, drug-running and money laundering. His current research interests are focused on military/intelligence mind-control programs and non-lethal weapons systems, as well as the hidden influence of elitist groups around the globe.